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OBEY SUPPORTS SPEEDING UP REGULATIONS TO STOP ABUSE BY CREDIT CARD COMPANIES

WASHINGTON, D.C. – Seventh District Congressman Dave Obey (D-WI) yesterday voted for passage of legislation to speed up implementation of the Credit CARD Act, which was enacted earlier this year.

“American families are struggling to pay their bills, put food on the table and keep a roof over their heads,” Obey said. “Many have gone deeply into debt as a result and many credit card companies have seen that as an opportunity to rip people off by double billing, jacking up interest rates on existing balances, and increasing fees even on customers who are meeting their credit card payment requirements. We enacted the Credit Card Accountability, Responsibility and Disclosure (CARD) Act with wide, bipartisan margins in both Houses in order to crack down on such abusive and unfair practices by credit card companies, but too many of them have not gotten the message,” said Obey.

A recent analysis by the Pew Charitable Trusts detailed credit card practices at the 12 largest banks and 12 largest credit unions since passage of the new law in May 2009. That report concludes that 100 percent of the cards issued by the 12 largest banks used practices deemed “unfair and deceptive” and would not meet the requirements of the new law. According to the report, they “raise rates on outstanding balances, use what the Federal Reserve labeled ‘hair trigger’ penalty rate increases, apply payments in a way that maximize interest costs, charge unrestrained overlimit fees and more.” Taken together, the report states, these practices add “billions of dollars in costs that are not adequately reflected in advertised credit card rates.”

The new law included a phase-in period which was intended to help the credit card companies adjust to the new requirements without adding further strains to a financial system that was already reeling from the subprime mortgage implosion and the Wall Street meltdown. “Instead of taking steps to comply with the new law, many saw an opportunity to jack up rates and squeeze customers while they still can,” said Obey.

The bill which passed the House today will simply speed up the effective date of most major provisions, currently due to take effect February 22, 2010.

“This is one item among many under consideration as Congress seeks to restore some measure of balance and accountability to the financial services industry, so that average Americans are not getting ripped off by the institutions that are supposed to be helping them

meet their family needs and plan for the future,” Obey said.

Learn more about the Credit Cardholders' Bill of Rights [here](#) .

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